

000 85-3852

Office of Legislative Liaison
Routing Slip

TO:	ACTION	INFO
1. D/OLL		X
2. DD/OLL		X
3. Admin Officer		
4. Liaison		
5. Legislation	X	
6. []		X
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SUSPENSE

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Date

Action Officer: []

Remarks: []

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Name/Date



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SPECIAL

December 6, 1985

LEGISLATIVE REFERRAL MEMORANDUM

85-3852

TO: Legislative Liaison Officer-
National Security Council
Department of State
Central Intelligence Agency
Department of Justice
General Services Administration
Department of Commerce

SUBJECT: DOD's draft report on a draft bill, "To protect
U.S. government telecommunications from interception
and interference by hostile foreign powers."

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than
MONDAY, JANUARY 6, 1986.

Questions should be referred to Sue Thau (395-7300),
the legislative analyst in this.

Ronald K. Peterson
RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

SPECIAL

Enclosures
cc: B. Howard



DEPARTMENT OF DEFENSE
OFFICE OF GENERAL COUNSEL
WASHINGTON, D.C. 20301

A handwritten signature, likely of the Director of the Office of General Counsel, is located in the top right corner.

December 2, 1985

Honorable James C. Miller III
Director, Office of Management
and Budget
Washington, D.C. 20503

Dear Mr. Miller:

The views of the Department of Defense have been requested on a draft bill, "To protect United States government telecommunications from interception and interference by hostile foreign powers, and for other purposes."

Advice is requested as to whether there is objection to the presentation of the attached report to the Committee.

Sincerely,

A handwritten signature of Werner Windus is located below the "Sincerely," text.

Werner Windus
Director
Legislative Reference Service

Enclosures



GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON D C 20301

Mr. David S. Addington
Counsel, Subcommittee on Legislation
Permanent Select Committee on Intelligence
House of Representatives
Washington, D.C. 20515

Dear Mr. Addington:

This is in response to your request for the views of the Department of Defense on a draft bill, "To protect United States government telecommunications from interception and interference by hostile foreign powers, and for other purposes."

The Department of Defense supports the draft bill. It believes that such legislation could serve a highly useful purpose in denying access to foreign companies seeking cryptographic and communications security information. As you know, such requests have increased in recent months and show no sign of abating. While we have thus far been successful in denying such requests, we see the possibility of future legal action questioning our authority. Legislation such as the draft bill would demonstrate the unanimous view of both the legislative and executive branches that the Nation's communications security equities will not be entrusted to foreign entities. The very presence of such legislation would, we feel abundantly certain, be helpful in discouraging legal challenges.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

Chapman B. Cox

99th Congress

1st Session

H.R. _____

To protect United States government telecommunications from interception and interference by hostile foreign powers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

_____, 1985

_____ introduced the following bill; which was referred
to _____

A BILL

To protect United States government telecommunications from interception and interference by hostile foreign powers, and for other purposes.

Do it enacted by the Senate and House of Representatives of the United

SEC. 2. (a) Chapter 4 of title 10, United States Code is amended by adding at the end thereof the following new section:

"§1401. Cryptographic Security

"(a) To ensure the integrity of communications relating to activities of the United States government, the Secretary of Defense is authorized to issue regulations governing the purchase, use and disposal by the United States government and by contractors with the United States government of cryptographic equipment.

"(b)(1) The United States government and contractors with the United States government shall comply with regulations issued pursuant to subsection (a).

"(2) In addition to any administrative or other remedy which may be available, the United States may bring a civil action against a contractor with the United States government in any district court of the United States to enforce regulations issued pursuant to subsection (a).

"(c) Regulations issued pursuant to subsection (a) shall be submitted to the Permanent Select Committee on Intelligence and the Committee on Armed Services of the House of Representatives, and the Select Committee on Intelligence and the Committee on Armed Services of the Senate, no later than thirty days before such regulations take effect.

"(d) The Secretary of Defense may delegate the authority granted by subsection (a) only to the Deputy Secretary of Defense and the Director,

"(e) As used in this section --

"(1) 'contractors' means individuals, sole proprietors, associations, partnerships, corporations and other entities performing under contracts with the United States, and includes subcontractors;

"(2) 'cryptographic equipment' means equipment designed to provide security or protection to telecommunications by converting information to a form unintelligible to an unauthorized recipient or interceptor and by reconverting such information to its original form for authorized recipients; equipment designed specifically to aid in, or as an essential element of, such a conversion and reconversion process; and crypto-ancillary equipment, crypto-production equipment, and authentication equipment; and

"(3) 'United States government' means executive departments, military departments, agencies, and independent establishments of the United States, and the armed forces, but does not include the Congress or the courts."

(b) The table of contents of Chapter 4 of title 10, United States Code is amended by adding at the end thereof the following:

"143d. Cryptographic Security."